

House File 646 - Enrolled

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HOUSE FILE 646

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AN ACT

1 4 CONCERNING SOCIAL AND CHARITABLE GAMBLING, INCLUDING THE
1 5 REGULATION OF CASH RAFFLES, PROHIBITING RAFFLES AT ANNUAL
1 6 GAME NIGHTS, ESTABLISHING A PERMANENT ELECTRICAL AND
1 7 MECHANICAL AMUSEMENT DEVICES SPECIAL FUND AND PROVIDING AN
1 8 APPROPRIATION, PROHIBITING CERTAIN ELECTRICAL OR MECHANICAL
1 9 AMUSEMENT DEVICES AND BONA FIDE CONTESTS, AND PROVIDING FOR
1 10 THE DENIAL, SUSPENSION, AND REVOCATION OF CERTAIN GAMBLING
1 11 LICENSES BY THE DEPARTMENT OF INSPECTIONS AND APPEALS, AND
1 12 PROVIDING AN EFFECTIVE DATE.

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1 14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 15
1 16 Section 1. Section 99B.5, subsection 1, paragraphs e and
1 17 g, Code 2005, are amended to read as follows:

1 18 e. Except with respect to an annual raffle as provided in
1 19 paragraph "g", and subsection 3, cash prizes are not awarded
1 20 and merchandise prizes are not repurchased.

1 21 g. The actual retail value of any prize does not exceed
1 22 one thousand dollars. If a prize consists of more than one
1 23 item, unit, or part, the aggregate retail value of all items,
1 24 units, or parts shall not exceed one thousand dollars.
1 25 However, either a fair sponsor or a qualified organization,
1 26 but not both, may hold one raffle per calendar year at which
1 27 prizes having a combined value of more than one thousand
1 28 dollars may be offered. If the prize for the annual raffle is
1 29 cash, the total cash amount awarded shall not exceed two

1 30 hundred thousand dollars. If the prize is merchandise, its
1 31 value shall be determined by the purchase price paid by the
1 32 fair sponsor or qualified organization.

1 33 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph
1 34 1, Code 2005, is amended to read as follows:

1 35 A licensee under this section may hold one real property
2 1 raffle per calendar year in lieu of the annual raffle
2 2 authorized in subsection 1, paragraph "g", at which the value
2 3 of the real property may exceed one thousand dollars ~~in lieu~~
2 4 ~~of the or an annual raffle of cash as~~ authorized in subsection
2 5 1, paragraph "g", if the total cash amount awarded is one
2 6 hundred thousand dollars or more, if all of the following
2 7 applicable requirements are met:

2 8 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code
2 9 2005, is amended to read as follows:

2 10 a. The licensee has submitted the special real property or
2 11 cash raffle license application and a fee of one hundred
2 12 dollars to the department, has been issued a license, and
2 13 prominently displays the license at the drawing area of the
2 14 raffle.

2 15 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended
2 16 to read as follows:

2 17 4. For each real property or cash raffle license issued
2 18 pursuant to subsection 3, the department shall conduct a
2 19 special audit of the raffle to verify compliance with the
2 20 appropriate requirements of this chapter.

2 21 Sec. 5. Section 99B.7, subsection 1, paragraph d,
2 22 unnumbered paragraphs 1 and 2, Code 2005, are amended to read
2 23 as follows:

2 24 Cash prizes shall not be awarded in games other than bingo
2 25 and raffles. The value of a prize shall not exceed ten
2 26 thousand dollars and merchandise prizes shall not be
2 27 repurchased. If a prize consists of more than one item, unit,
2 28 or part, the aggregate value of all items, units, or parts
2 29 shall not exceed ten thousand dollars. However, one raffle
2 30 may be conducted per calendar year at which real property or
2 31 one or more merchandise prizes having a combined value of more
2 32 than ten thousand dollars may be awarded ~~or a cash prize~~
2 33 prizes of up to a total of two hundred thousand dollars may be
2 34 awarded.

2 35 If a raffle licensee holds a statewide raffle license, the
3 1 licensee may hold not more than eight raffles per calendar
3 2 year at which real property or one or more merchandise prizes
3 3 having a combined value of more than ten thousand dollars may
3 4 be awarded ~~or a cash prize~~ prizes of up to a total of two
3 5 hundred thousand dollars may be awarded. Each such raffle

3 6 held under a statewide license shall be held in a separate
3 7 county.

3 8 Sec. 6. Section 99B.8, subsection 1, unnumbered paragraph
3 9 1, Code 2005, is amended to read as follows:
3 10 Games of skill, games of chance, and card games ~~and raffles~~
3 11 lawfully may be conducted during a period of twelve
3 12 consecutive hours once each year by any person. The games ~~or~~
3 13 ~~raffles~~ may be conducted at any location except one for which
3 14 a license is required pursuant to section 99B.3 or section
3 15 99B.5, but only if all of the following are complied with:

3 16 Sec. 7. Section 99B.10, Code 2005, is amended by adding
3 17 the following new subsection:
3 18 NEW SUBSECTION. 9. An electrical or mechanical amusement
3 19 device required to be registered as provided in this section
3 20 shall not be a gambling device, as defined in section 725.9,
3 21 or a device that plays poker, blackjack, or keno.

3 22 Sec. 8. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL
3 23 AMUSEMENT DEVICES == SPECIAL FUND.

3 24 Fees collected by the department pursuant to sections
3 25 99B.10 and 99B.10A shall be deposited in a special fund
3 26 created in the state treasury. Moneys in the fund are
3 27 appropriated to the department of inspections and appeals and
3 28 the department of public safety for administration and
3 29 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,
3 30 including employment of necessary personnel. The distribution
3 31 of moneys in the fund to the department of inspections and
3 32 appeals and the department of public safety shall be pursuant
3 33 to a written policy agreed upon by the departments.

3 34 Notwithstanding section 12C.7, subsection 2, interest or
3 35 earnings on moneys deposited in the fund shall be credited to
4 1 the fund. Notwithstanding section 8.33, moneys remaining in
4 2 the fund at the end of a fiscal year shall not revert to the
4 3 general fund of the state.

4 4 Sec. 9. Section 99B.11, Code 2005, is amended by adding
4 5 the following new subsection:
4 6 NEW SUBSECTION. 3. A poker, blackjack, craps, keno, or
4 7 roulette contest, league, or tournament shall not be
4 8 considered a bona fide contest under this section.

4 9 Sec. 10. Section 99B.14, Code 2005, is amended to read as
4 10 follows:
4 11 99B.14 ~~REVOCATION OF LICENSE~~ DENIAL, SUSPENSION, AND
4 12 REVOCATION.

4 13 1. The department shall may deny, suspend, or revoke a
4 14 license issued pursuant to this chapter if the department
4 15 finds that an applicant, licensee, or an agent of the licensee
4 16 violates or permits violated or permitted a violation of a
4 17 provision of this chapter, or a departmental rule adopted
4 18 pursuant to chapter 17A, or if a for any other cause exists
4 19 for which the director of the department would be or would
4 20 have been justified in refusing to issue a license, or upon
4 21 the conviction of a person of a violation of this chapter or a
4 22 rule adopted under this chapter which occurred on the licensed
4 23 premises. However, the denial, suspension, or revocation of
4 24 one type of gambling license does not require, but may result
4 25 in, the denial, suspension, or revocation of a different type
4 26 of gambling license held by the same licensee. In addition, a
4 27 person whose license is revoked under this section who is a
4 28 person for which a class "A", class "B", class "C", or class
4 29 "D" liquor control license has been issued pursuant to chapter
4 30 123 shall have the person's liquor control license suspended
4 31 for a period of fourteen days in the same manner as provided
4 32 in section 123.50, subsection 3, paragraph "a". In addition,
4 33 a person whose license is revoked under this section who is a
4 34 person for which only a class "B" or class "C" beer permit has
4 35 been issued pursuant to chapter 123 shall have the person's
5 1 class "B" or class "C" beer permit suspended and that person's
5 2 sales tax permit suspended for a period of fourteen days in
5 3 the same manner as provided in section 123.50, subsection 3,
5 4 paragraph "a".

5 5 ~~Revocation proceedings shall be held only after giving~~
5 6 ~~notice and an opportunity for hearing to the licensee. Notice~~
5 7 ~~shall be given at least ten days in advance of the date set~~
5 8 ~~for hearing. If the department finds cause for revocation,~~
5 9 ~~the license shall be revoked for a period not to exceed two~~
5 10 ~~years.~~

5 11 2. The process for denial, suspension, or revocation of a
5 12 license shall commence by delivering to the applicant or
5 13 licensee by certified mail, return receipt requested, or by
5 14 personal service a notice setting forth the particular reasons
5 15 for such action.

5 16 a. If a written request for a hearing is not received

5 17 within thirty days after the mailing or service of the notice.
5 18 the denial, suspension, or revocation of a license shall
5 19 become effective pending a final determination by the
5 20 department. The determination involved in the notice may be
5 21 affirmed, modified, or set aside by the department in a
5 22 written decision.

5 23 b. If a request for a hearing is timely received by the
5 24 department, the applicant or licensee shall be given an
5 25 opportunity for a prompt and fair hearing before the
5 26 department and the denial, suspension, or revocation shall be
5 27 deemed suspended until the department makes a final
5 28 determination. However, the director may suspend a license
5 29 prior to a hearing if the director finds that the public
5 30 integrity of the licensed activity is compromised or there is
5 31 a risk to public health, safety, or welfare. In addition, at
5 32 any time during or prior to the hearing the department may
5 33 rescind the notice of the denial, suspension, or revocation
5 34 upon being satisfied that the reasons for the denial,
5 35 suspension, or revocation have been or will be removed. On
6 1 the basis of any such hearing, the determination involved in
6 2 the notice may be affirmed, modified, or set aside by the
6 3 department in a written decision.

6 4 3. A copy of the final decision of the department shall be
6 5 sent by certified mail, return receipt requested, or served
6 6 personally upon the applicant or licensee. The applicant or
6 7 licensee may seek judicial review in accordance with the terms
6 8 of the Iowa administrative procedure Act, chapter 17A.

6 9 4. The procedure governing hearings authorized by this
6 10 section shall be in accordance with the rules promulgated by
6 11 the department and chapter 17A.

6 12 5. If the department finds cause for denial of a license,
6 13 the applicant may not reapply for the same license for a
6 14 period of two years. If the department finds cause for
6 15 suspension, the license shall be suspended for a period
6 16 determined by the department. If the department finds cause
6 17 for revocation, the license shall be revoked for a period not
6 18 to exceed two years.

6 19 Sec. 11. EFFECTIVE DATE. The section of this Act amending
6 20 section 99B.7, subsection 1, paragraph "d", being deemed of
6 21 immediate importance, takes effect upon enactment.

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6 25 _____
6 26 CHRISTOPHER C. RANTS
6 27 Speaker of the House

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6 29 _____
6 30 JOHN P. KIBBIE
6 31 President of the Senate

6 32
6 33 I hereby certify that this bill originated in the House and
6 34 is known as House File 646, Eighty-first General Assembly.

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7 3 _____
7 4 MARGARET THOMSON
7 5 Chief Clerk of the House

7 6 Approved _____, 2005

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7 9 _____
7 10 THOMAS J. VILSACK
Governor